

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



**CORRECTED
FISCAL NOTE**

SB 1070 – HB 1451

March 24, 2021

SUMMARY OF BILL: Prohibits the purchase or acquisition of land for agricultural use by foreign businesses, foreign governments, and nonresident aliens as defined in the proposed legislation. Violations of not reporting or converting agricultural land under this proposed legislation are punishable by having the property in question escheated to the state, and subsequently sold in the manner of a foreclosure of real estate for default of payment. Establishes a civil penalty not to exceed \$2,000 for failure to register or file reports as required by this legislation.

ESTIMATED FISCAL IMPACT:

On February 24, 2021, a fiscal note for this legislation was issued estimating a fiscal impact as follows:

Increase State Expenditures - \$132,600/FY21-22 and Subsequent Years

After additional information was obtained from the Secretary of State's Office, the estimated impact was determined to be in error. As a result of such information, the estimated fiscal impact has been corrected as follows:

(CORRECTED)

Increase State Expenditures - \$10,000/FY22-23

Corrected Assumptions:

- The proposed legislation would require the Secretary of State (SOS) to accept an annual report from the foreign entities not subject to 43-2-102(a) of the proposed legislation.
- The SOS would also be required to register any nonresident alien, foreign business, or foreign government, or an agent, trustee, or fiduciary thereof, which holds an interest in agricultural land in this state on or after July 1, 2021.
- The proposed legislation also requires that, if the SOS finds that a nonresident alien, foreign business, or foreign government, or an agent, trustee, or fiduciary thereof, has violated this act, by acquiring agricultural land in this state (except by authorized means), using such land for an unauthorized purpose, or failing to divest its interest in the agricultural land as required by the act, the SOS must report the violation to the Attorney General and Reporter.

- Additionally, if the SOS finds that a nonresident alien, foreign business, foreign government, or an agent, trustee, or other fiduciary thereof, violated this part by failing to timely register or file a report as required under the proposed legislation, the SOS shall assess a civil penalty not to exceed two thousand dollars (\$2,000) for each violation.
- Based on these requirements, the SOS would be required to establish a registration system, annual report system, and a method of policing both registrants and non-registrants in order to carry out the responsibilities of the legislation.
- Based on information from the SOS, there would be a one-time increase in state expenditures in FY22-23 of \$10,000 to add to their electronic filing system.
- Such cost would be incurred in the second year of the program, since the current paper-based system would remain in effect through the first year upon enactment of this legislation.
- It is assumed that the staffing requirements needed to implement a system to accept and process reports as outlined in provisions of the legislation can be accomplished within existing resources.
- This legislation will require two Investigator positions for the SOS; however, the SOS reports that they currently have two budgeted investigator positions vacant.
- Therefore, there will be no impact to state government to fill these positions.
- It is assumed that any impact on the Attorney General would be minimal and that any additional duties are absorbable within existing resources.
- Any increase in revenue resulting from assessed civil penalties is estimated to be not significant.
- Property tax revenue collected from any applicable properties is assumed to remain constant. Any change in real property transfer tax collections is estimated to be not significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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